

REFERENCE TITLE: tax incentives; biodiesel; ethanol E85

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2711

Introduced by
Representatives Boone, Barnes

AN ACT

AMENDING SECTIONS 28-5610 AND 42-12003, ARIZONA REVISED STATUTES; RELATING TO MOTOR VEHICLE FUELS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 28-5610, Arizona Revised Statutes, is amended to
3 read:

4 28-5610. Exemptions

5 A. The following are exempt from motor vehicle fuel and use fuel taxes
6 imposed by section 28-5606 and aviation fuel taxes imposed by section
7 28-8344:

8 1. Motor fuel for which proof of export is available in the form of a
9 terminal-issued destination state shipping paper or bill of lading and that
10 is either:

- 11 (a) Exported by a supplier who is licensed in the destination state.
12 (b) Sold by a supplier to a distributor for immediate export.

13 2. Motor fuel that was acquired by a distributor, as to which the tax
14 imposed by this article or section 28-8344 has previously been paid or
15 accrued and that was subsequently exported by transport truck by or on behalf
16 of the distributor in a diversion across state boundaries properly reported
17 to the department. If diverted by a distributor, the distributor shall
18 perfect the exemption by filing a refund application with the department
19 within six months after the diversion.

20 3. Motor vehicle fuel or use fuel that is sold within an Indian
21 reservation to an enrolled member of the Indian tribe who is living on the
22 Indian reservation established for the benefit of that Indian tribe and that
23 is used by the enrolled member for the enrolled member's own benefit. This
24 exemption does not apply to sales within an Indian reservation by an Indian
25 or Indian tribe to non-Indian consumers or to Indian consumers who are not
26 members of the Indian tribe for which the Indian reservation was established
27 or to use fuel used to operate motor vehicles for a commercial purpose
28 outside of the reservation on highways in this state. For the purposes of
29 this paragraph, "Indian" means an individual who is registered on the tribal
30 rolls of the Indian tribe for whose benefit the Indian reservation was
31 created.

32 4. Motor vehicle fuel or use fuel used solely and exclusively as fuel
33 to operate a motor vehicle on highways in this state if the motor vehicle is
34 leased to or owned by and is being operated for the sole benefit of an Indian
35 tribe for governmental purposes only.

36 5. Motor fuel that is moving in interstate or foreign commerce and
37 that is not destined or diverted to a point in this state.

38 6. Motor vehicle or aviation fuel that is sold to the United States or
39 an instrumentality or agency of the United States.

40 7. Taxable use fuel that has been accidentally contaminated so as to
41 be unsalable as highway fuel as proved by proper documentation.

42 8. Dyed diesel fuel, including fuel used by either of the following:

- 43 (a) A farm tractor or implement of husbandry designed primarily for or
44 used in agricultural operations and only incidentally operated or moved on a
45 highway.

1 (b) A road roller or vehicle that is all of the following:
2 (i) Designed and used primarily for grading, paving, earthmoving or
3 other construction work on a highway.

4 (ii) Not designed or used primarily for transportation of persons or
5 property.

6 (iii) Incidentally operated or moved over the highway.

7 9. BEGINNING JANUARY 1, 2007 THROUGH DECEMBER 31, 2013, THE FOLLOWING
8 IF SOLD IN AREA A AS DEFINED IN SECTION 49-541:

9 (a) BIODIESEL FUEL THAT IS A BLEND OF AT LEAST TWENTY PER CENT BY
10 VOLUME OF BIODIESEL AND NOT MORE THAN EIGHTY PER CENT BY VOLUME OF PETROLEUM
11 DIESEL.

12 (b) THE ETHANOL BLEND E85 AS DEFINED BY ASTM D5798-99.

13 B. Notwithstanding subsection A, paragraph 8 of this section, the
14 following are not exempt from use fuel taxes imposed by section 28-5606:

15 1. A vehicle that was originally designed for the transportation of
16 persons or property and to which machinery is attached or on which machinery
17 or other property may be transported.

18 2. A dump truck.

19 3. A truck mounted transit mixer.

20 4. A truck or trailer mounted crane.

21 5. A truck or trailer mounted shovel.

22 C. Except as provided in subsection D of this section, a person who
23 claims an exemption pursuant to this section shall perfect the exemption by
24 claiming a refund pursuant to section 28-5612.

25 D. Subject to sections 28-5645 through 28-5649, dyed diesel fuel is
26 exempt from use fuel taxes at the time of sale.

27 Sec. 2. Section 42-12003, Arizona Revised Statutes, is amended to
28 read:

29 **42-12003. Class three property**

30 For purposes of taxation, class three is established consisting of:

31 1. Real and personal property and improvements to the property that
32 are used for residential purposes, that are not otherwise included in class
33 one, two, four, six, seven or eight and that are valued at full cash value.

34 2. REAL AND PERSONAL PROPERTY AND IMPROVEMENTS TO THE PROPERTY THAT
35 ARE USED ON OR AFTER JANUARY 1, 2007 SPECIFICALLY AND SOLELY TO PRODUCE
36 ETHANOL OR BIODESSEL FUEL THAT IS ONE HUNDRED PER CENT BIODESSEL AND THAT ARE
37 VALUED AT FULL CASH VALUE.